

PUBLIC DISCLOSURE

October 28, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**CIT BANK
35575**

**2855 E. Cottonwood Pkwy, Suite 110
Salt Lake City, Utah 84121**

**Federal Deposit Insurance Corporation
25 Ecker Street, Suite 2300
San Francisco, CA 94105**

NOTE: **This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **CIT BANK** prepared by **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **October 28, 2002**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

CIT Bank provides an adequate level of qualified community development loans, investments, and services within its assessment area.

DESCRIPTION OF INSTITUTION:

CIT Bank is a Utah-chartered industrial bank with one non-retail office in Salt Lake County, Utah, and currently employs only 5 persons. Deposits currently only consist of funds deposited by its parent, CIT Group, Inc., headquartered in New York, New York. CIT Group, Inc. currently manages \$50 billion in a diversified portfolio of commercial, small business, and consumer financing.

CIT Bank commenced operations on October 20, 2000. Total Assets as of June 30, 2002 were \$31,474,000, of which \$8,138,000 (26 percent) were revolving credit plan loans and \$22,981,000 (73 percent) were federal funds. No banking services or products are offered through any conventional walk-in retail banking approach. CIT Bank currently offers small, unsecured revolving consumer lines of credit and small, non-revolving business credits in conjunction with its affiliated businesses and nationwide retailers. Most notably, small business and consumer loans are originated with purchasers of Dell Computer Products in conjunction with Dell Financial Services LP, a joint venture between Dell Computer Corporation and CIT Group, Inc. Additionally, short-term financing is offered to facilitate purchases of various consumer goods for individuals requesting credit under the Bill Me Later[®] program offered by several nationwide on-line retailers. Loans and/or loan receivables are immediately, or within a few days of origination, sold to affiliates. It does not currently engage in any other traditional retail or consumer lending activities.

On July 30, 2001, the FDIC designated CIT Bank as a limited purpose institution for CRA evaluation purposes. This designation is predicated on the bank's adherence to the regulatory requirement that a limited purpose institution offer only a narrow product line to a regional or broader market. This designation allows the bank to be evaluated primarily on its community development activities. This is the first CRA evaluation for the bank.

DESCRIPTION OF THE SALT LAKE COUNTY ASSESSMENT AREA:

Bank management designated Salt Lake County, Utah, as the bank's CRA assessment area. Salt Lake County is located within the Salt Lake City-Ogden, Utah Metropolitan Statistical Area (MSA) #7160. The MSA includes Davis, Salt Lake, and Weber Counties with a 2000 population of 1.34 million people, or 60 percent of the total population of Utah. Salt Lake County is the state's most populated county with an estimated 2001 population of 870,000.

Selected 1990 Demographic Census Data

The following two tables display selected demographic data from the 1990 census for the county.

Selected 1990 Census Tract Demographics for Salt Lake County				
Census Tract Classification¹		Census Tracts	Population	Households
Low-Income Tracts	#	7	12,516	4,336
	%	4.5%	1.7%	1.8%
Moderate-Income Tracts	#	39	160,070	66,331
	%	25.0%	22.1%	27.6%
Middle-Income Tracts	#	78	394,132	124,218
	%	50.0%	54.3%	51.7%
Upper-Income Tracts	#	32	159,238	45,482
	%	20.5%	21.9%	18.9%
Totals		# 156	725,956	240,367

The preceding table shows that 29.4 percent of 1990 county households resided within 46 low- and moderate-income tracts of the county's 156 total tracts. The following table shows that of all county households in 1990, 39.7 percent had low- and moderate-incomes.

¹ Census Tract Classification: Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons. Census tracts are income-classified at each decennial census. The median family income level of each tract is compared to the median family income of the MSA in which it is located. Tracts with median family incomes of less than 50 percent of the MSA level are defined as low-income tracts, those at 50-79 percent are moderate-income, 80 to 119 percent are middle-income, and 120 percent or more are upper-income.

Selected 1990 Household Demographics for Salt Lake County		
Household Income Classification²		Households
Low-Income Households	#	52,064
	%	21.7%
Moderate-Income Households	#	43,342
	%	18.0%
Middle-Income Households	#	54,024
	%	22.5%
Upper-Income Households	#	90,937
	%	37.8%
Total	#	240,367

Recent Economic Activity

Payroll employment fell quickly in the area after the Olympics, but job losses have since slowed. The state unemployment rate at 5.3 percent and the Salt Lake County rate of 5.5 percent are still below the national rate of 5.7 percent as of the 2nd quarter of 2002³. Personal income growth is as slow as it has been in Utah in 15 years. The weakness in state incomes is due largely to problems in the manufacturing and construction industries. With the state's rapid population growth, real per capita income growth has been essentially zero over the past year. Utah's per household bankruptcy rate at 8.51 per 1,000 in population remains the highest in the U.S. and continues to increase. Salt Lake County's personal bankruptcy rate is the third highest of Utah's counties in 2001 at 10.49 per 1,000 in population⁴.

Preparations for the Olympics and strong population and economic growth drove substantial growth in nonresidential construction in the area in the late 90's. New construction, the recession, corporate consolidations, layoffs, and the end of the Olympics drove up the commercial real estate vacancy rate from 5% in 1996 to 20% currently. It is estimated that it will take a number of years to fully absorb this current glut⁵.

² Household Income Classification: Households include all persons occupying a housing unit. Households are income-classified by comparing their gross income level to the median family income level of the MSA. Disregarding the income classification of the census tract they live in, households with gross annual incomes of less than 50 percent of the MSA level are defined as low-income households, those at 50-79 percent are moderate-income, 80 to 119 percent are middle-income, and 120 percent or more are upper-income. The Salt Lake City-Ogden, Utah MSA # 7160 median family income for 1990 was \$35,240. The Department of Housing and Urban Development (HUD) estimates each MSA's median family income for each year between censuses. The HUD-estimated median family incomes for the Salt Lake City-Ogden, Utah MSA #7160 was \$53,400 in 2000 and \$54,300 in 2001.

³ Source: Bureau of Labor Statistics (Haver Analytics)

⁴ Source: Administrative Office of the U.S. Courts (Economy.com). Includes Chapter 7 and 13 filings.

⁵ Source: Precise: STATE © 2002 Economy.com, Inc.

Community Contact

A contact was made in May 2002 with the director of a local community-based development organization. The individual contacted expressed an ongoing need for additional financial support and grants to address additional affordable housing needs of low- and moderate-income families in Salt Lake City. Although notable aid had been provided by some local financial institutions, there is still significant unmet demand for the financing of planned affordable housing developments.

CONCLUSIONS WITH RESPECT TO PERFORMANCE IN SALT LAKE COUNTY:

Local Community Development Lending Activities:

CIT Bank's local community development lending activities are considered adequate. In 2001, CIT Bank joined a consortium of over 30 other local financial institutions in an organization committed to providing creative capital resources for qualified local and statewide community development projects. Individual institutions' participation amounts of the \$40 million pool commitment are based on an average of each institution's total assets. Even though the bank's asset size is dwarfed next to other institutions, the bank asked for and received a larger participation commitment than its size mandated. The bank's asset size represents only 0.02 percent of all participating bank assets, yet it has a 0.50 percent representation of the pool's \$40 million dollar pool, or \$200,000. Since inception the organization has funded over \$16 million in permanent debt financing for qualified projects. CIT Bank's outstanding commitment amount of \$200,000 has currently \$29,235 drawn upon among 9 different projects.

Local Community Development Investment Activities:

CIT Bank's qualified community development investments are considered adequate for an institution its size and tenure. The bank faces stiff competition from numerous other local financial institutions in bidding for and securing qualified investments.

Qualified investments held by the bank include:

- \$205,000 state housing bond purchased in 2001 that has since been called
- \$100,000 state housing bond purchased in 2002 that is currently held in portfolio
- \$100,000 local mortgage bond purchased in 2002 and held in portfolio that is backed by 17 low-income family mortgages.

Wholesale and Limited Purpose Performance Evaluation

Qualified grants and donations to 9 different organizations totaled:

- \$1,000 in 2000
- \$7,500 in 2001
- \$9,900 to date in 2002.

Local Community Development Service Activities:

CIT Bank's involvement in qualified local community development services is considered adequate given the fact that the bank currently employs only five people. One bank officer serves on the board of a local chapter of a nationwide affordable housing organization. He and another officer have donated over 80 service hours to this organization since bank inception.

Fair Lending Review:

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified. The bank has policies, procedures, and training programs in place to prevent discriminatory or other illegal credit practices. Current consumer credit programs are evaluated solely on an automated basis using information obtained from credit reports. Current automated underwriting scoring models do not collect, consider, or score any of the eleven protected factors as listed under the Equal Credit Opportunity or Fair Housing regulations.

OTHER ACTIVITIES

SUMMARY OF OTHER COMMUNITY DEVELOPMENT ACTIVITIES

CIT Bank's parent, CIT Group, Inc., and its subsidiaries, also contribute heavily toward qualified community development activities nationwide. Some of these activities occasionally benefit low- and moderate-income areas and families and promote economic development within Utah. Since CIT Bank is the only bank in the CIT Group, Inc.'s corporate family, it can receive credit for these activities. Although these other activities are presented below, they did not affect the overall rating of the institution.

CIT Group, Inc.'s Small Business Lending Group is consistently the nation's largest Small Business Administration's (SBA) originator of loans. In 2001, this affiliate funded 9 SBA loans in Utah totaling over \$4.8 million. In the first three quarters of 2002, 8 loans totaling \$3.3 million benefited Utah businesses.

In 2001 and 2002, another affiliate of the bank originated over 20 residential mortgage loans totaling over \$6.0 million to borrowers low- and moderate-income tracts within the Salt Lake City area.

The parent company and its affiliates are also annual contributors to numerous national philanthropic causes.

APPENDIX A

SCOPE OF EXAMINATION		
TIME PERIOD REVIEWED	October 20, 2000 to October 28, 2002	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED
CIT Bank		Community Development Loans Community Development Investments Community Development Services
AFFILIATE	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
CIT Group, Inc	Parent	Grants/Donations SBA lending activity Mortgage loans

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			[SAMPLE]
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
UTAH Salt Lake County	On - site	NA	None